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## **Free Trade Slip-Sliding Away?**

By Tony Blankey

The Central American Free Trade Agreement (CAFTA), President Bush's modest little trade bill that would benefit the U.S. economy at least as much as Central America's, is edging toward defeat in Congress. It is a sign of the precarious political position of the entire post-World War II free-trade regime that such a bill might be unpassable in the capital of the world's pre-eminent free-trading nation.

Because of NAFTA and the Caribbean Basin Initiative, our economy is already open (barrier-free) to most of Central America's likely imports to us. On the other hand, their economies will provide new export opportunities for American business and agriculture — which is why CAFTA is endorsed by most manufacturing and service-sector producers, as well as dozens of American farm organizations, such as fruit, pork, chicken and dairy producers.

Passage of the treaty by Congress would have the added political advantage of bringing some economic growth and stability (and competitive trade parity with Mexico, which under NAFTA already has more open trade relations with the United States) for a region that has been ripped by violent Communist revolution and violent right-wing counter-revolution for two decades. It is just now settling down to something resembling normal life for the long-suffering citizens of Central America.

The treaty is vigorously opposed by the American sugar producers, the textile industry and the normal assortment of anti-globalists of the left and right. The treaty would allow an extra 109,000 metric tons of imported sugar — which would bring sugar costs down slightly, but would not undermine the massive American sugar industry.

The textile industry is concerned that the new "rules of origin" would establish a bad precedent, as well as allow more foreign fabrics to be imported into the United States from Central America (although most economists point out that Central America is likely to continue importing our textiles for finishing work and re-importation into the United States for sale). Of course, many on the left make the cruel argument that they oppose the trade treaty because of lower labor and environmental standards in Central America (thereby driving the locals from low wages to destitution and further impoverishing the local country — thus assuring higher levels of environmental degradation. Only richer countries can afford high environmental standards). These arguments are not new, but their political effects are.

For about 10 to 15 years now, the conventional protectionist and anti-globalist arguments have held sway over a substantial minority of Congress, but have consistently failed to convince a majority to reject a reasonably balanced trade bill. That may be changing.

Ever since the NAFTA vote in 1993, free-trade bills have relied on overwhelming Republican support along with a substantial minority of free-trade Democrats. Then-President Clinton had to lobby Democratic congressmen hard to get half of them to support his NAFTA treaty.

But now, despite a strong and growing economy, under the pressure of huge trade imbalances with China, fears of outsourcing (and perhaps in response to the growing general frightfulness of the world), traditionally pro-free-trade congressmen from both parties are beginning to waver.

Rep. Ellen Tauscher — California Democrat and head of the 41-member centrist, pro-free-trade New Democratic Coalition — has come out against CAFTA, citing the old anti-globalist arguments that had never before moved her support of free trade. Other members of that coalition have followed her into the protectionist camp.

In the Republican Party, Sen. Saxby Chambliss, Georgia Republican, another traditional supporter of free trade, told the New York Times recently that he "could no longer support bilateral trade agreements without being assured that American industries and workers are truly benefiting from these agreements." Once again, the language of the protectionists is being embraced by a now-former free trader.

According to the Financial Times, the generally free trade enjoyed by the United States since 1945 has accounted for about 10 percent of our economic activity. That is to say, America would be about a trillion dollars a year poorer without the benefits of free trade. Of course world trade will not decline over night. But it is an ominous political fact that there may be an emerging majority in Congress prepared to sacrifice the golden goose on the altar of their deepest economic fears.

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